

STAFF REPORT

TO: PED Committee

VIA: Gary Jackson, City Manager

FROM: David Hanks, Water Resources Director

DATE: October 29, 2007

SUBJECT: Update on Water Line Extension Incentives for Infill and Affordable Housing Development

SUMMARY STATEMENT: Staff has reviewed the City of Asheville Water Policies and requirements of the Sullivan Acts concerning funding to assist in water line upgrades to encourage infill and affordable housing developments.

REVIEW: Staff has reviewed current City water policies concerning water line extension incentives which are listed below:

Current City Policy:

- City policy allows for participation based upon a five (5) year return on investment of revenues generated by new water customers. Participation can be up to 50 percent of total project cost.
- Incentive policy has been geared towards economic development ventures and job creation, not affordable housing or infill development.

Suggested Policy Changes:

The water fund will budget \$500,000 annually to be allocated to affordable housing and infill development water line upgrade and extensions throughout the water system. Funds will be available annually on a first-come, first serve basis based upon project participation criteria (form attached).

- Water Fund establishes a budget line item annually from its capital improvement program funds with \$500,000 to be used on a first come, first serve basis for infill development and affordable housing water line upgrades or water line extensions. Single project incentive amount would be up to \$100,000 per project with a minimum 20 year return on investment payback. Water projects meeting affordable housing and infill development criteria in Buncombe County and Northern Henderson County are eligible to apply.
- Funds not expended annually will be rolled over to the next Fiscal Year. Funds will be allocated to ensure \$500,000 balance is maintained annually.
- Approval will be based upon applicant receiving minimum score of 80 points per established criteria form.
- Developers must provide the City with any necessary right-of-way or easements.

RECOMMENDATION: Staff recommends approval of dedicated funding to address infill and affordable housing issues in areas of the water system where small lines prohibit new building or water line extensions are required to support new development effective January 1, 2008. Based upon current budget staff recommends prorating annual contribution for current fiscal year to \$250,000 for January through June, 2008 incentive contribution.

Attachment: Water Line Cost Participation Application Evaluation Form